

Boucher Goodlatte Legislation to Combat Illegal Gambling Passes Judiciary Committee (May 25, 2006)

WASHINGTON, DC - Today the House of Representatives Judiciary Committee passed H.R. 4777, the Internet Gambling Prohibition Act, out of the Committee by a bipartisan vote of 25-11. This legislation was introduced by Congressmen Bob Goodlatte and Rick Boucher to crack down on the growing problem of illegal off-shore gambling as well as illegal gambling that crosses state lines over phone lines and Internet technologies. These activities suck billions of dollars per year out of the U.S. economy, serve as a vehicle for money laundering, undermine families, and threaten the ability of states to enact and enforce their own laws. H.R. 4777 is bipartisan, sensible legislation that will tighten up existing federal law and make clear that the current prohibitions apply to the Internet and other new technologies.

"I am encouraged by the passage of this legislation through the Judiciary Committee," said Goodlatte. "Gambling on the Internet has become an extremely lucrative business. Numerous studies have charted the explosive growth of this industry, both by the increases in gambling websites available, and via industry revenues. Internet gambling is now estimated to be a \$12 billion industry, with approximately \$6 billion coming from bettors based in the U.S. It has been reported that there are as many as 2,300 gambling sites."

Gambling is currently illegal in the United States unless regulated by the states. However, the development of the Internet has made gambling easily accessible, and it is common for illegal gambling businesses to operate freely with little fear that they will be prosecuted. The Federal Bureau of Investigation and the Department of Justice recently testified that Internet Gambling serves as a vehicle for money laundering activities, and can be exploited by terrorists to launder money.

"Virtual betting parlors have attempted to avoid the application of United States law by locating themselves offshore and out of our jurisdictional reach. These offshore, fly-by-night Internet gambling operators are unlicensed, untaxed and unregulated and are sucking billions of dollars out of the United States, continued Goodlatte.

The Internet Gambling Prohibition Act cracks down on illegal gambling by updating the Wire Act to cover all forms of interstate gambling and account for new technologies. Under current federal law, it is unclear whether using the Internet to operate a gambling business is illegal. The closest useful statute currently is the Wire Act, which prohibits gambling over telephone wires. The Wire Act, which was written well before the invention of the World Wide Web, has become outdated. The Internet Gambling Prohibition Act amends the Wire Act to make it clear that the prohibitions include Internet gambling and the use of other new technologies.

"I am pleased that our legislation, which sensibly updates federal law to bring the Internet within the fold of the anti-gambling restrictions that govern telephone lines, has achieved passage in the Judiciary Committee. Offshore Internet gambling websites take billions of dollars out of our economy each year, undermine families, and serve as a vehicle for money laundering. Our measure will curb this harmful practice and bring a quick end to illegal gambling on the Internet," said Boucher.

The Internet Gambling Prohibition Act allows states to continue to regulate gambling within their borders with tight

controls to be sure that it does not extend beyond their borders or to minors. It also prohibits a gambling business from accepting certain forms of payment, including credit cards, checks, wire and Internet transfers, in illegal gambling transactions. The legislation also allows federal, state, local and tribal law enforcement officials to seek injunctions to prevent and restrain violations of this Act and obtain cooperation in the fight against illegal gambling.

Additionally, this legislation increases the maximum prison term for a violation of this Act from 2 years to 5 years.

"Offshore online gambling websites are cash cows and the greed that propels these companies leads them to solicit bettors in the U.S. despite the fact that the Department of Justice already believes this activity is illegal," said Goodlatte. "Internet gambling is a serious problem that must be stopped and I believe the Internet Gambling Prohibition Act will help eliminate this harmful activity before it spreads further."

H.R. 4777 will now be referred to the full House of Representatives for further consideration.

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